GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2680
ANSWERED ON:17.03.2017
Funding of State Projects
Pradhan Shri Nagendra Kumar

Will the Minister of FINANCE be pleased to state:

(a) Whether the Union Government considers the request of various State Governments to finance the central share of various projects including the cost establishment of the price level of 2016 to lessen the financial burden of the State Governments;
(b) If so, the details thereof; and
(c) If not, the reasons therefor?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (d): Following the recommendations of the Fourteenth Finance Commission, devolution of the Central Taxes and Duties has increased by 10% from 32% to 42% giving significant resources at the disposal of the State Governments for scheme/project implementation. On the recommendations of the Sub Group of Chief Ministers on Rationalization of Centrally Sponsored Schemes constituted by NITI Aayog, it has been decided that (i) the funding pattern of certain core of the core schemes will remain unchanged; (ii) funding of core schemes will be: (a) for the 8 North Eastern and 3 Himalayan States 90:10; (b) for all other States, 60:40, unless a sub-scheme/ component has funding pattern lower than this level (iii) for schemes [not covered under (i) and (ii) above], the sharing pattern will be: (a) for the 8 North Eastern and 3 Himalayan States 80:20; (b) for all other States 50:50. With the changed funding pattern, aggregate resources of the Centre and the States put together are sufficient to maintain the overall size of the Centrally Sponsored Schemes. Similarly the Government has streamlined the procedure of appraisal and approval of Public Funded Schemes and Projects vide DoE O.M. dated 5.8.2016. This also takes care of issues; inter alia, project outline, outcomes and deliverables, project cost, project finance etc. In a spirit of cooperative federalism, the States have now greater say in utilization of these funds and have the flexibility to adapt to local circumstances as per the guidelines for flexi-funds within Centrally Sponsored Schemes vide DoE O.M. dated 6.9.2016.